



## Bangalore Chamber of Industry and Commerce

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### **Interactive Session with Mr. M. R. Sreenivasa Murthy, IAS, Additional Chief Secretary, Finance Department, Government of Karnataka on Thursday, December 10, 2009**

Following the General Committee Meeting, there was an Interactive Session with Mr. M. R. Sreenivasa Murthy, IAS, Additional Chief Secretary, Finance Department, Government of Karnataka with the members of the Chamber.

In his welcome address, Mr. K R Girish, President, briefed about the Interactive Session on GST which was organized by the Chamber on October 9, 2009 and said that the Chamber is preparing a comprehensive Memorandum to the Empowered Committee, a copy of which will also be forwarded to GoK as well.

On behalf of the Chamber, President then requested Mr. Sreenivasa Murthy to brief the members on the following issues:

- a) Current financial status of the State
- b) State's readiness towards implementing GST
- c) Any other issues

In his response, Mr. Sreenivasa Murthy thanked the Chamber for inviting him to address the members of Industry and briefly outlined on the following:

#### **a) State Finances:-**

Mr. Sreenivasa Murthy said that the State had budgeted an outlay of Rs. 60,000 crore for the year 2009 – 10 out of which Rs. 33,000 crore have already been spent till November 2009. Generally, the State Government expenditure will be within the budget estimates and good part of the expenditure are being spent on Health, Sanitary, Police Administration, and so on.

Added to that, he mentioned that more than Rs.1,800 Crore have already been spent towards the Flood Relief victims which the State had witnessed during October 2009. He said that it was an unprecedented catastrophe and he thanked the Industry and Trade for their generous contributions towards Flood Relief.

With the implementation of Fiscal Responsibilities Act 2002, the State had been maintaining its books very clean over the past five years by ensuring that expenditure does not exceed the revenue. He also mentioned that by 2014, the State Government shall accumulate debt which will not be more than 25% of the State's GSDP.

However, he expressed concerns regarding dip in the revenue during the financial year 2009-10 basically on account of general recession prevailing in the Country and he hoped that the revenue will improve in the forthcoming months. As of late, there had been a sign of recovery in the overall economic situation, he further added.

#### **b) State Development:-**

He shared the concerns of the Industry with regard to the infrastructure and he said that efforts are on to improve the State's infrastructure to ensure that the State continued to attract investments thereby generate more employment.

He mentioned that the Government is giving the necessary impetus to the following five basic elements to improve the infrastructure:

- a) Good road network
- b) Development of new Ports
- c) Improvement in Railway Network
- d) Development of new Industrial Estates
- e) Enhance the availability of Energy

### C) GST:-

On GST, Mr. Sreenivasa Murthy said that the Government is planning to implement GST by April 2010. He briefly outlined the advantages of GST to the industry and asserted that the endeavours of the Empowered Committee is to ensure that a common market is created which is destination oriented. He also said that there will be two separate administrations to collect Tax i.e. CGST & SGST.

He mentioned that the efforts are on to simplify the system to use IT tools exhaustively so that the Industry & Trade will find it easier to comply with. He further added that the Government is planning to introduce Electronic Tax Regulator along with billing machine so that all transactions will be recorded and it will simultaneously reflect in the individual account as well as at the Revenue Department.

Following the presentation, there were some queries on Stamp Duty on Mergers & Acquisitions, RNR Rate, Air Turbine Fuel Tax, etc. Mr. Sreenivasa Murthy answered to all the queries raised by the participants and also explained the current position of the State Government

Mr. K R Girish, thanked Mr. Sreenivasa Murthy for his excellent presentation and congratulated the State Government for its readiness to implement GST.

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